

LOUISIANA PUBLIC SERVICE COMMISSION
MINUTES FROM APRIL 20, 2011
OPEN SESSION

MINUTES OF APRIL 20, 2011 OPEN SESSION OF THE LOUISIANA PUBLIC SERVICE COMMISSION HELD IN BATON ROUGE, LOUISIANA. PRESENT WERE CHAIRMAN JIMMY FIELD, VICE CHAIR CLYDE HOLLOWAY AND COMMISSIONERS FOSTER CAMPBELL, LAMBERT BOISSIERE AND ERIC SKRMETTA. ALSO PRESENT WAS EVE KAHAO GONZALEZ.

Open Session of April 20, 2011, convening at 9:13 A.M. and adjourning at 12:30 P.M., Natchez Room, 602 N. 5th Street, 1st Floor, Baton Rouge, Louisiana, with the above-named members of the Commission and Secretary Eve Kahao Gonzalez.

Ex. 1 Announcements

Executive Counsel Dennis Weber introduced the PSC's new HR Analyst, Renita Smith, and announced the retirement of our current HR Analyst, Sheila Lee.

Commissioner Campbell announced his intent to host the November B&E in north Louisiana, with the specific location to be determined.

Commissioner Skrmetta reminded everyone that the October B&E will be in the New Orleans area, with the specific location to be determined.

Commissioner Skrmetta thanked Entergy, Cleco and DEMCO for their excellent outage response over the past week. He further commended AT&T on their response to a commercial phone line being cut in the New Orleans Business District.

Commissioner Campbell asked that everyone keep Richard "Ricky" King's family in their prayers.

Ex. 2 Presentation by Jim Tramuto of America's Natural Gas Alliance regarding the natural gas market, the viability of long-term supply contracts, and environmental concerns pertaining to shale gas extraction.

At the request of Commissioner Field.

Jim Tramuto, Vice President of Governmental & Regulatory Strategies for Southwestern Energy Company, and Michelle Bloodworth, Vice President for Business Development for ANGA, gave a presentation on the natural gas market, the viability of long-term supply contracts, and environmental concerns pertaining to shale gas extraction.

Ex. 3 Report by utilities on current tree-trimming policies.

Dennis Dawsey, VP of Transmission and Distribution Operations for Entergy, gave a brief report on Entergy's tree-trimming policies. All other utilities, including coops, are directed to submit a report to the Commission on their tree-trimming policies.

Ex. 4 Report by Entergy on pole and line safety, specifically regarding the adoption of pole standards and current issues with defective poles.

At the request of Commissioner Skrmetta.

Staff Attorney Stephen Kabel advised the Commissioners that there is currently a rulemaking regarding these issues ongoing which will be ready to be voted on in May or June.

Ex. 5 Discussion and possible vote on Louisiana hosting June 2012 SEARUC Convention.

On motion of Commissioner Skrmetta, seconded by Commissioner Field, and unanimously adopted, the Commission voted to host the June 2012 SEARUC Convention.

Ex. 6 Election of SEARUC First VP.

On motion of Commissioner Skrmetta, seconded by Commissioner Campbell, and unanimously adopted, the Commission voted to elect Commissioner Boissiere as SEARUC First VP.

Ex. 7 Discussion and direction to Staff to open a rulemaking to consider amendments to the Towing and Recovery General Order dated March 26, 2010, to address the method of payment to carriers, the failure of carriers to provide change to the public, thereby creating overcharges, the creation of weight classifications for private property tows and other definitional and rate issues.

At the request of Commissioners Field and Boissiere.

Commissioner Skrmetta asked that Staff also look into proximity of towing companies called for these non-consensual tows in connection with this docket.

Deputy Assistant Secretary Joseph Ortego stated that proximity is a State Police issue, but that he intends to involve the State Police in this rulemaking and will discuss the issue with them.

Mr. Ortego further suggested, with the Commissioners approval, that this docket be limited to the immediate issues at hand, leaving the rate structuring for review in 2012, as provided for in General Order dated March 26, 2012.

Ex. 8 **U-31780** - Dixie Electric Membership Corporation ("DEMCO"), ex parte. In re: DEMCO 2010 FRP Annual Report

In re: Discussion and Possible Vote on Motion for Entry of Order Accepting Joint Report.

On motion of Commissioner Field, seconded by Commissioner Skrmetta, and unanimously adopted, the Commission voted to accept the Staff recommendation and accept the report and draft order as filed into the record on April 8, 2011.

Commissioners Field and Skrmetta commended DEMCO on filing their 2010 FRP with no errors and their ability to reduce rates to their customers.

Ex. 9 **U-31792** - Cleco Power LLC, ex parte. In re: Application of Cleco Power LLC for Certificate of Public Convenience and Necessity for: (i) Authorization to Install Certain Biomass Fuel Conversion Equipment at its Madison Unit No. 3 (Madison 3) Generating Facility; (ii) Authorization to Test Burn Biomass Fuel in Madison 3; and (iii) Authorization to Install Biomass Fuel Conversion Equipment and Test Burn Biomass Fuel.

In re: Discussion and possible vote to hire J. Kennedy and Assoc. to assist Staff in this matter.

On motion of Commissioner Skrmetta, seconded by Commissioner Holloway, and unanimously adopted, the Commission voted to accept the Staff Recommendation and retain the consulting firm of Kennedy and Associates to assist Staff in this matter for a total budget not to exceed \$32,000, including fees of \$30,000 and expenses of \$2,000. The Commission directed that should Kennedy and Assoc. require any extra funding, this matter will have to come back before the Commission and an RFP will be issued.

Commissioner Holloway stated that should Cleco not conclude the test burns by fall of this year, the Commission will reconsider the renewable generation RFP requirement.

Ex. 10 **U-31211** - CenturyTel of Central Louisiana, LLC d/b/a CenturyLink vs. MCI metro Access Transmission Services LLC d/b/a Verizon Access Transmission Services. In re: Petition for Declaratory Ruling on the compensation scheme applicable to ISP-bound traffic routed to MCI metro Access Transmission Services LLC d/b/a Verizon Access Transmission Services.

On motion of Commissioner Field, seconded by Commissioner Holloway, and unanimously adopted, the Commission voted to accept the ALJ Recommendation and grant CenturyLink's

request for Declaratory Ruling, finding that ISP-bound traffic originated by CenturyLink via Local Option Service (“LOS”) and terminated by Verizon to Internet Service Providers located outside of Louisiana is not subject to intrastate switched access charges, nor, in the absence of a Commission approved interconnection agreement between CenturyLink and Verizon, does CenturyLink owe any reciprocal compensation for ISP-bound traffic terminated by Verizon.

Ex. 11 **U-31343** - Resolve Systems, Inc., ex parte. In re: Request of Application for Rate Increase of monthly rates for water and sewer service.

In re: Discussion and possible vote on amendment of Commission Order No. U-31343, Resolve Systems, Inc., ex parte (January 27, 2011) and of Joint Stipulation.

On motion of Commissioner Skrmetta, seconded by Commissioner Holloway, and unanimously adopted, the Commission voted to accept the Staff Recommendation and amend Order No. U-31343 (January 27, 2011) to include the newly calculated rate schedules incorporating a conservation rate for Resolve’s residential metered water service customers (\$12.50 for the first 2,000 gallons or less; \$17.00 for the next 2,000 gallons up to 4,000 gallons; and \$2.05 per 1,000 gallons for all additional gallons), thereby superseding the rates adopted by the Commission and currently in effect pursuant to Order No. U-31343. It was further ordered that Order No. U-31343 be amended to specify that the St. Tammany Parish Government shall not be charged at the Company’s approved sewer-only flat-rate charge of \$35.00 multiplied by the number of connections in the Alton area, but rather shall be charged monthly for bulk treatment of the Alton (Slidell) area at the minimum residential sewer service rate of \$20.40 multiplied by the number of connections in the Alton area.

Ex. 12 Density Utilities of LA, LLC, ex parte. In re: Evaluation of the 2010 test year results under the provisions of the Commission-approved Formula Rate Plan.

In re: Discussion and possible vote to hire Henderson Ridge Consulting Group to assist Staff in this matter.

On motion of Commissioner Field, seconded by Commissioner Skrmetta, and unanimously adopted, the Commission voted to accept the Staff Recommendation and retain the consulting firm of Henderson Ridge to assist Staff with this matter for a total budget not to exceed \$38,025, including fees of \$34,750 and expenses of \$3,275.

Ex. 13 1) Reports
2) Resolutions
3) Discussions

Commissioner Field directed Staff to add on the Commission website a link entitled “Understanding Your Utility Bills” which would explain in detail each portion of each company’s utility bills.

Commissioner Skrmetta requested Staff also add a link to each utility’s outage report so that it is easily accessible.

Commissioner Boissiere requested that Staff invite the individual railroad company representatives to come to the next B&E and take questions from the Commission.

Commissioner Field directed Staff to informally discuss with DOTD the reason for the railroad safety plan taking three years to be complete.

Commissioner Boissiere requested an update on the PSC Redistricting. Legislative Liaison Colby Cook reported that our plan had been signed by the Governor as Act 23. Commissioner Field thanked Mr. Cook for his hard work in getting the plan passed.

Ex. 14 Discussion with Carmack Blackmon regarding current railroad issues.

At the request of Commissioner Campbell.

Carmack Blackmon, attorney for Louisiana Railroad Association, answered questions and

discussed with Commissioners current railroad issues.

Ex. 15 **T-31836** - Louisiana Public Service Commission vs, Carr's Dirt Works, Inc. (Columbia, Louisiana). In re: Alleged violation of Louisiana Revised Statutes Title 45:161 through 180.1 as amended, by operating Intrastate without LPSC authority on three counts; allegedly occurring on or about December 9, 2009 through December 14, 2009.

In re: Discussion and possible vote on Stipulated Agreement pursuant to Rule 57.

At the request of Commissioner Campbell.

On motion of Commissioner Field, seconded by Commissioner Skrmetta, and unanimously adopted, the Commission voted to assert its original and primary jurisdiction and take this matter up pursuant to Rule 57.

On motion of Commissioner Campbell, seconded by Commissioner Holloway, and unanimously adopted, the Commission voted to accept the Staff Recommendation and accept the agreement between Staff and the Carrier, wherein the Carrier agreed to plead guilty, and agreed to pay a fine of \$2,000.00, per count, with \$1,000.00, per count of the fine being suspended, conditioned on not committing any additional violations within 12 months of the date of the Order and further agreed to pay a citation fee of \$25.00, the unsuspended portion of the fine and the citation fee, for a total of \$3,025.00, to be paid within 15 days of the issuance of the Order herein.

Ex. 16 **U-30864** - Density Utilities of Louisiana, LLC, ex parte. In re: Request for an increase in wastewater rate for entire service area.

In re: Update on the status of Density's bond issuance and system improvements

At the request of Commissioner Skrmetta.

Miller Heath, on behalf of Density Utilities of Louisiana, LLC, reported that the bonds have been in the market for two weeks and would hopefully be placed by the end of the following week. He further reported that all systems are stabilized and that repairs should still be completed by December, but that access to capital has caused the Company to make less improvements than previously planned.

Ex. 17 **U-31370** - Wastewater Treatment - Utilities, Inc. and Ascension Wastewater Treatment Utilities, Inc., ex parte. In re: Request for Rate Increases on an Emergency and Interim Basis.

In re: Discussion and possible vote on whether loan commitment from CoBank satisfies conditions precedent to implementation of rate increase.

At the request of Commissioner Field.

Staff reported on the deviations from Order No. U-31370-A in the CoBank commitment letter and recommended several conditions upon which the Commission's approval of the commitment letter should be based.

On motion of Commissioner Skrmetta, seconded by Commissioner Boissiere, and unanimously adopted, the Commission voted to accept the Staff Recommendation.

Ex. 18 Staff request for clarification regarding a conservation rate.

At the request of Commissioner Holloway.

On motion of Commissioner Holloway, seconded by Commissioner Field, and unanimously adopted, the Commission voted to adopt the following rule, on an interim, going forward basis, until such time as Staff formally proposes, and the Commission adopts, a rule in Docket R-31850: "Minimum metered water rate: Any jurisdictional water utility seeking a rate increase shall include a minimum metered water rate. This rate is intended to encourage water conservation and establish a lower rate for those who consume small amounts of water. The

minimum metered water rate shall be based on usage not to exceed 2000 gallons, or a functional equivalent, per month.”

Ex. 19 Discussion and possible vote on Resolution to the Federal Energy Regulatory Commission.

At the request of Commissioner Skrmetta.

On motion of Commissioner Skrmetta, seconded by Commissioner Boissiere, and unanimously adopted, the Commission voted to adopt the resolution to the FERC as read into the record requesting prompt action from the FERC to issue a decision on MISO’s Petition for Declaratory Order in FERC EL11-34-000. In addition, the Commission authorized the Staff to intervene in those proceedings and file comments on behalf of the Commission: 1) Supporting expedited consideration of the Petition by the FERC; and 2) Urging the FERC to consider the issues raised in the Petition in the context of the potential for all of the Entergy Operating Companies joining MISO and not just EAI joining MISO.

MEETING ADJOURNED

The next Business and Executive Session will be held May 17, 2011 at 9:00 a.m. in Baton Rouge, Louisiana.